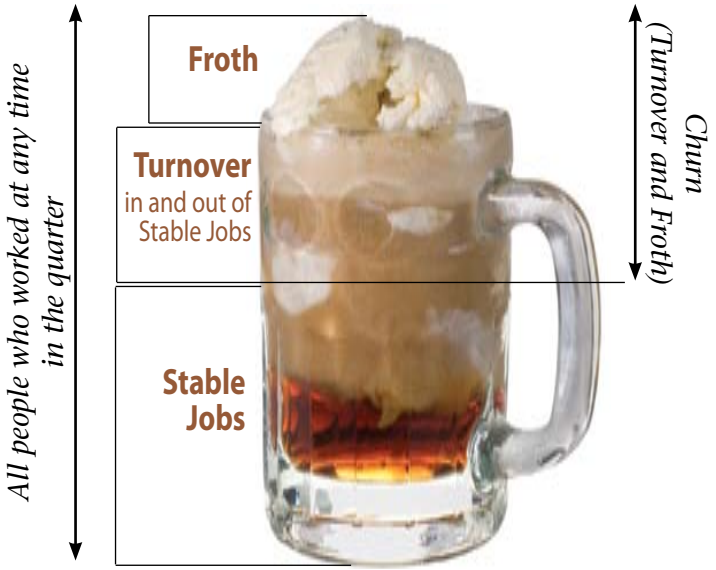
How Frothy is YOUR Labor Market?

Workers who continually move from job to job are the "froth" of the local labor market

Changing jobs is a fact of life today. On any given day hundreds of people throughout the state are leaving their jobs to take new positions. However, not all job churn in the labor market is created equally. While many workers will go through a short turnover stint as they transition from one long-term job to another, others will have a lengthier turnover stay. These workers are constantly moving from job to job, never setting down roots. In a picture, thanks to their continuous job-hopping, these workers rise to the top of the labor market much like the froth that forms when one pours root beer in a mug.

Measuring these frothy workers has been the source of much frustration. Since these workers are constantly popping in and out of jobs they disappear from nearly all of our existing data sources. Luckily, new data available from the Local Employment Dynamics (LED) program of the U.S. Census Bureau allows us to peer into the world of job churn and separate turnover into and out of stable jobs (which another article in this edition will touch on) from the froth.

Based on our calculations, an average of 19 percent of all people who held jobs in Utah in 2005 were frothy workers—that is, their tenure at a given employer never lasted more than three months. Beyond this general level of frothiness, individual industries exhibit their own pictures of froth. Not surprisingly, in 2005 the industry sector with the highest level of froth was administrative and support services—which includes temporary employment services—where roughly 36 percent of all workers were froth. Other industries with high levels of froth include arts and recreation, accommodation and food services, and agriculture. On the other end of the spectrum, utilities had the smallest number of frothy workers, with a 2005 average of 3 percent.



Industries with the highest level of froth included administrative and support services, arts and recreation, and food services.

Around the state, the level of frothy workers varied greatly from county to county. In general, smaller counties and counties that depend on high-froth industries—like tourism or construction—had higher levels of froth. Emblematic of this trend were Rich, Daggett, and Grand counties who were the top three counties in overall levels of froth. As a counterpoint, Emery County, heavy with utilities employment, had one of the lowest amounts of froth. Diversified economies, like Salt Lake, appear to group around the statewide average, while counties with single-industry economies tend to go where that industry pulls them.

Now, being a part of the froth isn't necessarily bad, but it isn't costless. For a frothy worker there is little chance of receiving higher wages or training, since their tenure with any one firm is quite short. On the other side of the equation, for employers these workers may be less productive as they have had much less time to learn their job (although, they may gain from paying these workers less, so that cost may be offset somewhat). As with all things, there are costs and benefits.

Percentage of Frothy Workers by Industry (Statewide) 2005

Industry	Annual Average	Rank
Administrative and Support and Waste Management and Remediation Services	36%	1
Agriculture, Forestry, Fishing and Hunting	35%	2
Accommodation and Food Services	31%	3
Arts, Entertainment, and Recreation	30%	4
Construction	29%	5
Wholesale Trade	11%	15
Management of Companies and Enterprises	10%	16
Public Administration	8%	17
Manufacturing	8%	18
Finance and Insurance	8%	19
Utilities	3%	20
All NAICS Sectors	19%	

Source: Author's calculations based on LED data from U.S. Census Bureau

Percentage of Frothy Workers by County • 2005

County	Annual Average	Rank	Wayne	22%	10	Piute	20%	20
Rich	33%	1	Iron	22%	11	Davis	19%	21
Daggett	30%	2	Duchesne	22%	12	Cache	17%	22
Grand	29%	3	Utah	21%	13	Emery	17%	23
Kane	26%	4	Wasatch	21%	14	Salt Lake	17%	24
Uintah	25%	5	Carbon	20%	15	Weber	17%	25
Juab	23%	6	Garfield	20%	16	Millard	17%	26
San Juan	23%	7	Sevier	20%	17	Sanpete	16%	27
Summit	23%	8	Tooele	20%	18	Beaver	16%	28
Washington	23%	9	Morgan	20%	19	Box Elder	14%	29
						Statewide	19%	

Source: Author's calculations based on LED data from U.S. Census Bureau